



County of Los Angeles CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.co.la.ca.us>

DAVID E. JANSSEN
Chief Administrative Officer

August 21, 2003

Board of Supervisors
GLORIA MOLINA
First District

YVONNE BRATHWAITE BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

To: Supervisor Yvonne Brathwaite Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

STATE LEGISLATIVE UPDATE

The Legislature returned from its summer recess on Monday, August 18, 2003. It is scheduled to begin an interim recess in just 26 days on September 12, 2003, and has an unusually large number of bills pending due to preoccupation with the budget earlier in the session.

Budget Update

While most of the budget has been adopted and signed into law with minimal changes by the Governor, there are still a number of pieces that remain unfinished. The Senate adopted the budget on July 27, 2003 and then recessed, more or less putting the Assembly in a "take it or leave it" position given the urgent need to adopt a budget. In order to secure Republican votes needed to pass the budget, the Assembly had to amend the Senate's version of the budget. However, it did not do so by amending the budget bill, which would have entailed sending it back to the Senate and delaying adoption for weeks, but instead amended Senate trailer bills that could wait on the Senate's return.

The Assembly's changes include restoration of \$16.1 million for Corrections Standards and Training, restoration of funding for rural and small county law enforcement assistance, a reduction from \$250 million to \$135 million in community redevelopment agencies' ERAF transfer, an additional \$50 million for K-12 equalization funding, and restoration of \$5 million to the Aeronautics Account. The Assembly also did not take up the Senate bill eliminating State funding for cities' booking fees and repealing counties' authority to charge booking fees, effectively blocking action on these items, at least for

the time being. In addition, Speaker Herb Wesson supports passage of a bill following the recess to increase the county share of property taxes in two "low property tax" counties – Orange and Yolo – by \$5 million total. Finally, the Assembly did not take up two Senate bills, a pilot project on performance budgeting that Senators John Burton and Jim Brulte endorsed, and a commission proposed by Senator Tom McClintock to review the structure and size of State government.

Two of these actions directly impact the County. The restoration of Correction Training funding is worth approximately \$3.6 million to the Probation Department and the Sheriff. The reduction in the CRA ERAF transfer would reduce the County's loss to approximately \$130,000 rather than \$250,000. As of today, the only action that has been taken is that the Senate has approved the reduction in the CRA transfer. In all likelihood, serious negotiations must still occur between the Senate and Assembly Leaderships before the budget is finally completed.

Another matter that could have a major impact on the County is a proposal made by Assembly Member Darrell Steinberg a few weeks ago, with the blessing of Speaker Wesson and the subsequent endorsement of the Governor, to cancel the VLF increase scheduled for October 1 and restore the backfill of local governments through a combination of new taxes on high income taxpayers, cigarettes, and alcohol. This is an issue of high importance, and there is a need to act quickly because renewal notices with the higher rate are already being mailed out. There has been no public discussion or sign of imminent action since the Legislature returned.

Workers' Compensation Conference Committee

The Conference Committee has scheduled two meetings for next week on Tuesday, August, 26, 2003 from 9:00 to Noon, and Wednesday, August 27, 2003 from 1:00 p.m. to 5:00 p.m. No details are available on how the Committee will operate or which issues will be addressed. Our Sacramento Advocates, CAO staff, and the Sheriff's representatives have met and conveyed the County's priorities directly to committee members Senator Richard Alarcon, and Assembly Members Ken Maddox and Fabian Nunez, and are scheduled to meet with Assembly Member Juan Vargas.

Health Care Coverage Conference Committee

The Health Care Coverage Conference Committee is expected to convene on Thursday, August 21, 2003. The Conference Committee will focus on proposals to expand health coverage such as an employer mandate contained in **County-supported SB 2 (Burton)**. The conferees are Senators John Burton, Sam Aanestad, Jackie Speier, and Assembly Members Rebecca Cohn, Dario Frommer, and Robert Pacheco. Capitol sources indicate that legislation could be sent to the Governor as early as the end of August.

The California State Association of Counties (CSAC) supports universal health care coverage in California, and it has submitted the attached principles to the conferees. Highlights of the principles include: (1) maintaining a stable and viable health care safety net; (2) the provision of adequate funding for the public health system; (3) simplification of the health care system for recipients, providers, and administration; (4) increased access to health coverage through a combination of financing mechanisms, including: employer-based, purchasing pools, and tax incentives; and (5) maximization of federal financial participation in health care expansion efforts. CSAC also states that county financial resources are already overburdened and that counties are not in a position to contribute additional resources to finance health care expansion efforts. Our Sacramento advocates will be attending the meetings of the Conference Committee. A CSAC letter to the conferees is attached.

Status of County-Interest Legislation

County-opposed AB 1531 (Longville), which would mandate three elections during presidential election years, including a presidential primary, and a primary for all other offices in addition to the general election, was placed on the Senate Appropriations Committee Suspense File on August 18, 2003 because of its fiscal implications to the State.

County-opposed SB 440 (Burton), which would provide that if certain public safety employee organizations request binding arbitration on economic issues when they are at impasse with an employing local government, the decision of the arbitrator is final, unless it is overturned by the unanimous decision of the local governing body, passed the Senate on August 19, 2003 by a vote of 21 to 12. It now proceeds to the Governor.

We will continue to keep you advised.

DEJ:GK
MAL:JF:EW:ib

Attachment

c: Executive Officer, Board of Supervisors
 County Counsel
 Local 660
 All Department Heads
 Legislative Strategist
 Coalition of County Unions
 California Contract Cities Association
 Independent Cities Association
 League of California Cities

August 19, 2003

TO: The Honorable John Burton, California State Senate
The Honorable Sam Aanestad, California State Senate
The Honorable Jackie Speier, California State Senate
The Honorable Rebecca Cohn, California State Assembly
The Honorable Dario Frommer, California State Assembly
The Honorable Robert Pacheco, California State Assembly

FROM: Steve Keil, Legislative Coordinator

Re: Conference Committee on SB 2, AB 1527, and AB 1528

The California State Association of Counties (CSAC) supports the intent of SB 2, AB 1527, and AB 1528. Counties support universal health care coverage in California, with the goal of a health care system that is fully integrated and offers access to all Californians. Attached you will find CSAC's universal health care coverage principles. Many of these principles are congruous with the work of the Conference Committee. County government plays a key role in the delivery of health services to Californians.

More Californians – approximately 6.6 million – are uninsured than residents of any other state in the nation; this is of great concern to counties. Counties provide critical health services that keep families and communities healthy. California's 58 counties provide medical care to the medically indigent through county health programs, public hospitals, and public clinics. County welfare offices administer the Medi-Cal program. County hospitals provide critical services that benefit all Californians such as emergency and trauma services, burn care, and residency training.

As providers of health services to the uninsured, counties have a stake in programs and policies that will expand access to health care coverage. Counties would like to be involved in any discussions around health care coverage expansion and provide assistance to the Committee as needed.

We look forward to working with the Conference Committee. Please do not hesitate to contact me at 327-7500, ext. 521 or Kelly Brooks at 327-7500, ext. 531 if we can provide you with additional information. Thank you.

Universal Health Care Coverage Principles

California State Association of Counties (CSAC)

Counties support universal health care coverage in California, with the goal of a health care system that is fully integrated and offers access to all Californians. Universal health care coverage will ultimately allow the state to realize cost savings in publicly funded health care programs. However, the foundation of the publicly funded health care system needs immediate attention. The State of California must preserve and adequately fund existing publicly funded health care programs before expanding services. Counties resources are limited and are not in a position to increase our expenditures to pay for expanded health care coverage and access.

Access and Quality

- Counties support access to quality and comprehensive health care through universal coverage.
- Any universal health care program should ideally provide a truly comprehensive package of health care services.
- Counties support a health care system that includes a component of health care services to prisoners and offenders, detainees and undocumented immigrants.
- Reforms should address access to health care in rural communities and other underserved areas.

Role of Counties as Health Care Providers

- Counties strongly support maintaining a stable and viable health care safety net. An adequate safety net is needed to care for persons who remain uninsured as we transition to universal coverage and for persons, such as the mentally ill or homeless, who may have difficulty accessing care through a traditional insurance-based system.
- The current safety net is grossly underfunded. Any diversion of funds away from existing safety net services will lead to the dismantling of the health care safety net and will hurt access to care for all Californians.
- Counties believe that delivery systems that meet the needs of vulnerable populations and provide specialty care, such as emergency and trauma care and training of medical residents and other health care professionals, must be supported in any universal health coverage plan.
- Counties strongly support adequate funding for the public health system as part of a plan to achieve universal health coverage. Counties recognize the linkage between public health and health care. A strong public health system will reduce medical care costs, contain or mitigate disease, and address disaster preparedness and response.

Financing and Administration

- Counties support increased access to health coverage through a combination of mechanisms that may include improvements in and expansion of the publicly funded health programs, increased employer-based and individual coverage through purchasing pools, tax incentives, and system restructuring.
- Efforts to achieve universal health care should simplify the health care system – for recipients, providers, and administration.
- The federal government has an obligation and responsibility to assist in the provision of health care coverage.

Universal Health Care Coverage Principles

California State Association of Counties (CSAC)

- Counties encourage the state to pursue ways to maximize federal financial participation in health care expansion efforts, and to take full advantage of opportunities to simplify Medi-Cal, Healthy Families, and other publicly funded programs with the goal of achieving maximum enrollment and provider participation.
- County financial resources are currently overburdened; counties are not in a position to contribute additional resources to expand health care coverage.
- A universal health care system should include prudent utilization control mechanisms that are appropriate and are not a barrier to necessary care.
- Access to health education, preventive care, and early diagnosis and treatment will assist in controlling costs through improved health outcomes.

Role of Employers

- Counties believe that every employer has an obligation to contribute to health care coverage. Counties are sensitive to the economic concerns of employers, especially small employers, and employer-based solutions should reflect the nature of competitive industries and job creation and retention. Therefore, counties advocate that such an employer policy should also be pursued at the federal level.
- Reforms should offer opportunities for self-employed individuals, temporary workers, and contract workers to obtain health coverage.

Implementation

- Counties recognize that California will not achieve full universal health care system immediately, and implementation may necessitate an incremental approach. As such, counties believe that incremental efforts must be consistent with the goal and the framework for universal health care coverage, and include counties in all aspects of planning and implementation.